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REPORT OF THE EXPERT MEETING ON VERTICAL DIVERSIFICATION IN THE FOOD PROCESSING SECTOR IN DEVELOPING COUNTRIES

Held at the Palais des Nations, Geneva,
from 1 to 3 September 1997

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I. AGREED RECOMMENDATIONS ADOPTED BY THE EXPERT MEETING

At its closing meeting, on 3 September 1997, the Expert Meeting on Vertical Diversification in the Food Processing Sector in Developing Countries adopted the following agreed recommendations on item 3 of its agenda:

1. The Expert Meeting examined the market opportunities, including exports, available to developing countries, and particular constraints faced by them in diversifying into food processing, with special reference to four major areas (horticulture, fish, meat and tropical beverages). The participants recognized, however, that many of their findings were applicable to the issue of vertical diversification by developing countries in all sectors.

2. The participants emphasized the important role of the government in providing an enabling environment in which enterprises could flourish. Whilst a sound and stable macroeconomic and microeconomic policy was essential, basic transport, power and telecommunications infrastructure were identified as the most important physical elements, coupled with mechanisms for encouraging investment in the processing industries, for promoting the provision of export credit and trade finance, for ensuring the control of product quality and for building managerial capacity. Practical facilitation required, however, that enterprises articulate and communicate effectively their core needs, possibly through industry forums. Participants recommended that embassies and local missions be used more effectively in gathering information, establishing contacts in foreign countries and disseminating the information gathered to the business community.

3. Given the importance of international standards in the context of the WTO's Agreement on Sanitary and Phytosanitary Measures (SPS) and the Agreement on Technical Barriers to Trade (TBT), governments of developing countries were encouraged to participate more actively in the work of the Codex Alimentarius Commission and its subsidiary bodies, as well as in other international standard-setting bodies. In this context, UNCTAD and other organizations should explore ways to facilitate the effective participation of developing countries in those bodies. Furthermore, participants stressed the need for further trade liberalization that would support vertical diversification in the food processing sector in developing countries.

4. Whilst one of the principal focuses was on the expansion of trade in processed food products, which could provide new export opportunities for developing countries, it was recognized that the domestic market also constituted a source of demand for processed food products. It was recommended that countries and enterprises carefully consider the relative advantages of production for the domestic market, the intra- and interregional import market of developing countries, the import market of the Commonwealth of Independent States and Eastern Europe, and the niche import markets of the OECD countries. Each had particular characteristics which caused the cost of entry to be quite different from market to market. The recommendation was particularly aimed at the small and medium-size enterprises (SMEs) which might be contemplating developing or expanding a vertically diversified product line.

5. It was also recommended that governments encourage the private sector to pay particular attention to the export opportunities which could arise from the active promotion of South-South trade in processed products and from technical cooperation among developing countries, particularly in areas relating to product presentation, marketing and quality.

6. Noting that marketing might be an expensive undertaking, the participants were of the view that enterprises, particularly SMEs from developing countries, might derive benefits from cooperating among themselves through, for example, sharing of information and joint filling of orders to reach exportable volumes. Given the technological requirements of some processing operations, the need for finance, and the complexities of the marketing and distribution channels in the more advanced export markets in particular, the participants saw merit in the establishment of joint ventures with enterprises in those markets as an efficient and cost-effective way of providing supplies of the required quality and gaining shelf space. Equally, the participants considered that joint ventures with manufacturers that had developed a degree of brand recognition and/or successful businesses were a possible means of overcoming the extremely high costs of developing and maintaining a market reputation. Furthermore, they suggested the organization of regional private label fairs, especially in the developing regions, as a support measure, and measures to increase awareness of the existing fairs.

7. The participants noted that "Know your customer" was one of the most important business rules for market penetration. In that connection, however, they identified serious gaps in the availability of commercially useful market information, market expertise and advice available to potential entrants to the various export markets. To overcome this, they recommended that attention be paid both to filling these gaps, particularly as regards industry statistics and benchmarks, and to coordinating the supply and flow of such information from international organizations as well as from entities such as import promotion agencies. They emphasized the importance of creating the capacity to use that information effectively and recommended that serious efforts be made in this direction, for example through training. In this connection, they also pointed to the importance - particularly with regard to the shift from a transaction-based to a relationship-based approach to marketing - of regular contacts between firms in developed and developing countries, and recommended that the international community promote increased facilitation and effectiveness of such contacts. In addition, the participants emphasized that these contacts could also assist enterprises in finding appropriate partners in developed countries and in arranging for on-the-job training of staff from developing country enterprises in developed country firms.

8. The participants recognized that in the food processing sector, packaging, labelling and food safety standards were of special importance in a number of export markets, especially in the OECD countries. Rules and regulations in these fields had been developed by a number of bodies, including the WTO through the SPS and TBT agreements. The large number of domestic regulations and standards, however, made adherence to them a particularly difficult proposition for enterprises from developing countries and could have a deterrent effect on their exports. The participants therefore recommended that special attention be paid to the mutual recognition of packaging requirements.

9. The participants noted the need for increased financial and technical assistance from a variety of sources, including export credit institutions, as well as import promotion agencies in the developed countries, for viable projects promoting the exports of developing countries, and encouraged governments and enterprises to make full use of the existing sources of assistance. They recognized, however, that information about these sources was fragmented and not adequately disseminated among possible recipients; emphasized the need for better coordination and integration of assistance; and encouraged donors to make renewed efforts to remedy these problems. In addition, they recommended that a portion of official development assistance (ODA) be targeted to providing infrastructural support services for the processing sector. The provision of training, and particularly the training of trainers, was considered to be an important element of those services, as was assistance in meeting the requirements of the Hazard Analysis Critical Control Point (HACCP) System.

10. The Expert Meeting welcomed the initiative of the UNCTAD secretariat in arranging for the participation of a substantial number of actors from the business community in its deliberations, and encouraged UNCTAD to continue to involve private sector representatives in its future dialogues and to facilitate contacts and promote interaction among business people.

II. CHAIRMAN'S SUMMARY OF THE EXPERTS' DISCUSSIONS

The role of the corporate sector, and corporate strategies

1. The Expert Meeting observed that the growth of international food trade had been high, at almost 7 per cent a year during the previous 10 years, not much lower than that of trade in manufactured goods. One of the fastest-growing segments was fruits and vegetables, which, as a group, now accounted for a larger part of international trade than grains. Secondly, there had been a shift from bulk commodities to high-value commodities. Thirdly, developing countries had not maintained their market share in international food trade, that share having declined from over 40 per cent in the mid-1960s to less than 30 per cent at the present time. Fourthly, while trade barriers had become less important, trade standards were continuously being made more exacting, for instance in terms of health factors and quality, and it thus became very difficult for developing countries to remain competitive. There were market opportunities for developing countries, but it was often difficult to take advantage of them because of a range of inhibiting factors such as lack of storage facilities, processing infrastructure and trading networks. The factors common to successful experiences in diversification into processed food products were the following: companies had entered new markets well prepared; they were well financed and well managed; they tried to offer consumer-oriented products wanted by the market rather than the product they actually had "in surplus"; and they based their relations on long-term objectives. The core of a sound long-term export-oriented commodity strategy was a solid and stable commercial policy, building up strong relations with farmers, consideration of quality, and an active market promotion policy.

2. The process of identification of market opportunities in the food processing sector was extensively discussed. Markets were continuously changing, owing to a variety of factors, such as shifts in market structure and currency fluctuations. Marketing networks should be used as information tools, and marketing strategies should be carefully developed. Diversification into processing should be seen as a way to respond to the information coming from the marketing network. General market research, based on desk research, would give a good first idea, but field research was essential. Also, it was considered important that companies should understand the markets into which they wished to sell, and move away from "transaction marketing" to "relationship marketing" - in other words, towards the creation of longer-term commercial relations. It was noted that firms needed to think in terms of a total services package, comprising product and market research, marketing and distribution services, processing technology, transport and storage, and packaging.

3. South-South trade and interregional cooperation deserved more emphasis. In this respect, there was a particular need to enhance information exchange on opportunities for South-South trade. Furthermore, there was considerable scope for technical cooperation among developing countries with regard to the food processing sector. At the regional level, developing countries could obtain advisory services on fish-product quality control from projects (financed jointly by FAO and the Common Fund for Commodities) such as Infopeche (Africa), Infofish (Asia), Infosamac (West

Asia) and Infopesca (Latin America). Services ranged from assistance with implementation of legislation and provision of inspection services to extension and training for fish industries as well as for artisanal fisheries. More generally, it was noted that FAO had recently revised its Hazards Analysis Critical Control Point (HACCP) training modules and that the European Union had asked countries exporting to it to submit requests for assistance with upgrading their facilities to meet HACCP requirements. Moreover, the WTO Agreement on Sanitary and Phytosanitary Measures (SPS) stated that when investments were required by exporting countries in order to meet standards, importing member countries should consider extending assistance.

4. The availability of information, especially for small enterprises, was felt to be a problem. Despite the information revolution, sources of market information were frequently not sufficiently publicized and access to market information for specialized products was often difficult, partly because of the technology required or the cost involved. The Expert Meeting therefore suggested that better mechanisms for disseminating market information be explored. An encouraging example was provided by the fisheries industry, where progress had been made in Africa, partly as a result of training and access to information about prices. It was suggested that UNCTAD and the International Trade Centre UNCTAD/WTO, together with, for example, the existing European trade promotion agencies such as Forum and chambers of commerce, and other forums, strengthen their activities with regard to the provision of timely market information for commodities and processed foods. Furthermore, it was important to improve the access of developing country exporters to information on regulations concerning market opportunities, packaging, labelling, health and safety, and environment.

5. The importance of establishing long-term relationships with customers and joint venture partners was recognized. The business community felt that there was a need to provide information on both market opportunities and criteria for the identification of suitable joint venture partners. Sometimes, it was difficult for a developing country to find or assess appropriate partners for the creation of a joint venture. Moreover, the success rate of joint ventures was far from optimal, because of lack of trust between the partners and because of divergent goals. Nevertheless, they were seen as the best way of gaining access to technology and market knowledge, and ensuring long-term relationships. On the other hand, they might restrict the export options of the domestic joint venture partner. In some countries, pre-financing schemes had been used successfully in the context of joint ventures. In addition, joint ventures were *inter alia* one of the best ways of providing direct training for partners in developing countries, and particularly internships in the importing country to learn about systems and procedures. It was necessary to develop working relationships based on trust, and not focus exclusively on serving markets in the short term. Promotion of contacts between firms in developing countries and developed countries was considered essential for laying the foundations for such relationships. In this context, it was particularly important to avoid the marginalization of countries, particularly in Africa, which at present lacked most of the factors attractive to developed country companies. Finally, it was suggested that the UNCTAD secretariat carry out an in-depth analysis and case studies of joint ventures and successful and unsuccessful contracts between transnational companies and their partners in the food processing sector of

developing countries in order to assess the economic and social repercussions and impacts of cooperation.

6. The Expert Meeting found that the lack of access to finance often impeded vertical diversification in the food processing sector. Access to adequate credit and finance facilities might be provided by governments or technical assistance projects, or in tandem with the appropriate international funding agencies. The UNCTAD secretariat was asked to provide a list of financial instruments and institutional mechanisms that would be relevant to exports of processed food. Reference was made to positive experiences in countries that had established "one-stop shops" as a means of promoting foreign investment.

7. The development of brand names was seen as a viable option for large developing country companies, but for most small and medium-size enterprises the cost of developing brand names was considered to be excessive. Physical market conditions (e.g. transportation and communication costs) also limited the possibilities for developing a brand name. Partnerships with established firms could alleviate the image problem that developing country firms were facing, for instance through the use of established brand names under franchising agreements. Private label fairs, where exporters made bids to supply to the brand label's specifications, were another option; in this connection, the Expert Meeting suggested the organization of regional private label fairs as a support measure. Using the best available expertise in order to position products correctly for the penetration of foreign markets was considered essential. As competition with well-established international brands was always difficult, targeting niche markets might be an alternative. Buyers could provide valuable support in this regard. Another interesting approach was the promotion of a country's positive image, using the country name on the export product; this approach might benefit small and medium-size enterprises in particular.

8. It was noted that although many large firms were ready to enter the world market, for most small and medium-size enterprises this was more difficult. Many such firms were family firms, which found it difficult to develop an entrepreneurial outlook. It was observed that success in domestic markets was often a prerequisite for competitiveness in regional and, eventually, international markets. International competitiveness could not be assessed, however, only on the basis of domestic success in protected markets. It could be argued that a staged approach for the penetration of foreign markets, starting from domestic markets and moving to regional ones which displayed similar sociocultural characteristics, could be a viable option. In this context, the opportunities in, for example, the rapidly growing developing economies of East and South-East Asia and Latin America, as well as the emerging African market-place, particularly for meat and poultry, were stressed. A staged approach might also consider moving into less sophisticated markets, for instance in Eastern Europe, where the transition process had created new market opportunities, before tackling the more refined markets of the highly industrialized countries. In order to investigate world market opportunities, exporters might consider such measures as the self-organization of their export branches, making full use of support given by export promotion agencies and concentrating on exports of semi-finished products, so as to ensure that firms were adequately equipped to exploit export opportunities in international food markets.

9. It was felt that the role of the government in overcoming market failures merited further consideration. The existence of market opportunities of which the private sector was unable to avail itself indicated that there were such failures. The principal role of the government in this regard, it would seem, was to put in place stable policies which would create confidence among private entrepreneurs, and to provide the necessary infrastructure, including a legal and regulatory framework which stimulated not only business activities and expansion, but also the creation of joint ventures. It was noted that such a policy framework should be determined in close coordination between the government and the private sector. Moreover, there was a need to fill the gap between the farmer in many developing countries and the consuming market by developing the necessary infrastructure and skills. Both the government and the private sector had responsibilities in this respect. Finally, it was noted that food legislation was lacking or insufficient in many developing countries and that there was a lack of trained personnel to apply good practices and carry out control.

10. The Expert Meeting observed that distribution practices also caused market entry problems for developing country exporters, particularly the practice of some supermarket chains of requiring a listing fee and imposing other conditions before giving new products shelf space. However, it was noted that such fees were negotiable and in this context exporters might benefit from expert advice.

11. Supply capacity was felt to be a problem. While market access barriers had been reduced considerably, and many OECD countries were interested in importing from non-traditional suppliers, many developing countries were unable to meet the standards required in OECD markets. Apart from product standards, packaging and labelling often involved complex requirements. Labelling requirements often had exacting disclosure requirements, and many importing countries were restricting the use of certain packaging materials for environmental reasons. While it could be argued that this did not as yet constitute a major barrier to developing country exports, since exports of packaged products from these countries were still small, packaging regulations were an important deterrent, particularly because these regulations, as regards both environmental and other requirements, differed between importing countries. Exporters therefore had, for instance, to differentiate packaging materials by importing countries or by individual importing firms, which entailed high costs. In addition, products from developing countries often failed to attract customers because of poor product presentation. On the particular point of eco-labelling, it was noted that all such schemes so far were voluntary. The hope was expressed that although all countries should have the right to establish their own regulations in this respect, standards would be mutually accepted. Finally, it was noted that it was often difficult for developing countries, because of their limited resources, to participate effectively in the discussions in the organizations that set international standards. Therefore, expert meetings, convened by UNCTAD, were regarded as an important forum for formulating the impediments facing the business community, especially in least developed countries experiencing difficulties in developing their exports. Also, it was considered necessary to explore how to strengthen the role of developing countries in standard-setting negotiations.

12. The crucial role that could be played by innovation was emphasized. The development of production processes which corresponded to the climatic and other characteristics of developing countries could improve competitiveness and assist diversification. It was observed that privatization had increased productivity and promoted innovation, as regards both technology and marketing approaches, including development of domestic markets. In this vein, the merits of exploring niche markets were stressed, as opposed to competing in food market segments where large international firms enjoyed well-established market presence. One example given was that of organic and health foods, where considerable opportunities existed for higher value added products. It was noted that guidelines for organic food production had been prepared by the European Union and the United States, and that a code of practice had been issued by the International Federation of Organic Agriculture Movements.

The role of governments and international organizations

13. A proper macroeconomic environment was essential for successful vertical diversification in the food processing industry. This included basic commercial infrastructure (electricity, water, telecommunications, transport facilities, etc.), as well as a legal and regulatory framework which stimulated investment. The attitude and role of governments was very important, but to define these properly governments would have to interact actively with the business community.

14. The optimal role of the government depended on the conditions in each country. In principle, governments should "facilitate, not participate", in the sense of providing infrastructure and other basic services. However, in practice, the weakness of the private sector in some countries might necessitate a more active role on the part of the Government. The roles that governments might assume included the carrying out of research and development, the provision and dissemination of marketing information, the supply of common support services (quality control, marketing), the provision of finance, and training. Export promotion might be useful in many countries but should focus on providing services to small and medium-size enterprises.

15. In today's competitive world markets, firms had to compete on the basis of a comprehensive service package, and not just on the basis of costs. For developing country firms to be able to do so, an important capacity-building exercise was considered necessary. This required assistance both from national governments and from the international community.

16. Many support services were being provided by a range of national and international organizations, including generic marketing and promotion, advice and training, packaging and design skills, information supply, and support to brand name development. The Expert Meeting considered that efforts should be made to improve coordination, and to avoid duplication between such organizations and increase potential users' awareness. The enterprise sector should benefit fully from technical cooperation activities. Also, developing countries' embassies and/or other representative offices could play a more important role in the

dissemination of trade-related information and be used more systematically in the information network of international and national trade promotion organizations.

17. Quality control and health and hygiene standards were a key area in the successful development of the food processing industries. In addition to international instruments (such as the Codex Alimentarius), industrialized countries applied domestic guidelines (such as those of the United States Food and Drug Administration) to regulate safety, health, environmental considerations, p ' ging, animal health, and labelling of food imports. Often, the domestic guidelines were far more exacting than the international ones, and differed from country to country. The responsibility for "due diligence" rested with the producer and/or exporter. The HACCP system was a response to the fact that producer countries were responsible for ensuring adequate quality control throughout the food chain, and was a requirement mainly in the United States, Canadian and European markets. It comprised an analysis of biological, chemical and physical hazards, identification of critical points, setting of permissible limits, monitoring and checking procedures, and corrective action. It was initially developed in the fisheries sector, but the methodology was now being applied to many other food sectors.

18. Different modalities existed for ensuring that developing countries met the requirements regarding quality control and health and hygiene standards. Support from governments, non-profit organizations and international organizations was seen by the experts as having been crucial to the development of the food processing industries of the countries concerned. Examples were provided of the government's crucial role in launching the HACCP system. This had led to great success in exports of fish and seafood. The services provided by governments could range from processing research (including species preservation and biotechnology), through training in quality-upgrading measures (handling techniques, quality control techniques, contaminant level control) to inspection, surveillance and verification and certification services. Similarly, non-profit industrial research organizations run, for example, jointly by groups of interested enterprises could deliver training in food safety hygiene and quality control, or provide HACCP training. Both government-based and private sector initiatives of this nature could lead to beneficial technical cooperation activities among developing countries.

19. The Ghanaian, Cuban and Thai cases were among the illustrations of development of expertise with strong commitment and support from the government sector. In Thailand, for example, the push for quality control in the fisheries sector had come from major importing markets, such as Japan, which originally shaped Thailand's inspection system. Subsequently, Thailand, with support from FAO, introduced the HACCP system for fisheries products, and was now expanding its application to other food sectors. Currently, it was in the process of concluding equivalency agreements with importing countries (an agreement with Canada had already been concluded, while agreements with the United States, Australia and the European Union were imminent). These entailed reciprocity in fish inspection systems, thus greatly reducing costs. Having acquired considerable expertise in this area, Thailand was now assisting other developing countries (e.g. Viet Nam) in upgrading their quality control systems. It was considered of particular interest to see how government support could lead to the development of a successful export sector.

20. Commercial companies were also available - to set up quality control systems or to provide third-party testing and certification of produce to comply with import market requirements. Specialized companies, for example, provided independent services specifically geared to agro-industrial exports, covering the full food-supply chain, and offered training of trainers so that developing countries could build up the necessary in-country expertise.

21. A related point made concerned the need for developing countries to institutionalize in their domestic markets the same quality and health and hygiene standards that applied in export markets. Although this might be perceived as a cost, such standards would actually pay off in terms of savings in health costs.

22. In spite of efforts made by various organizations, such as WTO, FAO, UNIDO and other bodies, in the area of quality control and health and hygiene standards, it was recognized that small and medium-size enterprises in developing countries still faced enormous difficulties in accessing information. Thus, a misconception regarding the setting up of inspection systems could dramatically impede diversification efforts. The case of India, Bangladesh and Madagascar, from which the EU had refused to import fish that did not meet its sanitary requirements, was a good illustration of how costly an inadequate appraisal could be. Furthermore, it was noted that decisions of large companies regarding quality could have a real impact on future marketing opportunities. For instance, a major frozen food company had signed an agreement on the Marine Stewardship Council with the World Wide Fund for Nature under which, by the year 2004, it would only buy fish caught with guaranteed environmentally sound methods.

Implications of the Uruguay Round for vertical diversification

23. The Expert Meeting discussed to what extent the results of the Uruguay Round contributed to facilitating the trade of developing countries, and whether governments were more constrained in the choice of their diversification policies. The Uruguay Round was felt to have provided multilateral trade rules which would create more transparency and ensure more stability and predictability in world trade, which would be beneficial for long-term investments. Some experts noted that although developing countries had moved to implement the Uruguay Round Agreement and had considerably reduced their subsidies to food producers, some developed countries continued to provide such subsidies. It was recognized that export subsidies granted for agricultural products by some countries were still high and had made exports from developing countries uncompetitive in nearby markets, that tariffs in some countries were still prohibitive, and that commitments on tariff reductions left a great deal of flexibility to importing countries with regard to their implementation, thus reducing their impact. On the other hand, it was also recognized that the international trading system was now based on tariff-only protection and that both export subsidies and import tariffs were being reduced. Regarding diversification policies, the experts took note of the fact that special exemptions existed for developing countries under the Uruguay Round Agreement on Agriculture.

These allowed domestic support measures, for example in the form of subsidies to reduce marketing costs (incurred in the development of infrastructure, quality enhancement schemes, etc.).

24. New regulations on the use of sanitary and phytosanitary measures (SPS) had a significant impact on the food sector. Although this appeared to create new barriers to trade, it was argued that in fact the main result was the imposition of discipline and increased transparency regarding the use of such measures. Technical assistance was available for developing countries on issues related to SPS, but it was observed that awareness of such assistance by potential beneficiaries was lacking. It was also observed that, under the SPS, national standards had to be based on science. There was as yet little experience of how this requirement would be applied in practice, but in the one case decided so far by the WTO dispute panel, the scientific basis for the particular trade measure taken had been rejected.

25. It was observed that significant obstacles to exports could emerge as a result of actions not by governments, but by non-governmental organizations (NGOs), in particular those with environmental objectives. Aquaculture of shrimps in tropical countries was cited as an example of an industry which had been the subject of a campaign by NGOs alleging that this industry contributed to the destruction of coastal ecological systems, particularly mangrove forests, and led to the displacement of local communities. This campaign had done considerable damage to the shrimp farming industry, especially since it had no possibility of recourse and since it was difficult for producers and producing country governments to draw attention to their rebuttals of the NGOs' arguments and to the efforts they were making to lessen or eliminate negative environmental and social impacts. In this connection, it was mentioned that FAO was planning to undertake a regional project in South Asia which would attempt to gather information on the various impacts and prepare an unbiased assessment. More generally, it was suggested that business communities affected by negative campaigns needed to work together not only with governments, but also with the NGOs themselves, to resolve the problems.

III. ORGANIZATIONAL MATTERS

A. Convening of the Expert Meeting

1. In accordance with the agreed conclusions adopted by the Commission on Trade in Goods and Services, and Commodities at the closing meeting of its first session on 21 February 1997, 1/ the Expert Meeting on Vertical Diversification in the Food Processing Sector in Developing Countries was held at the Palais des Nations, Geneva, from 1 to 3 September 1997. The Meeting was opened on 1 September 1997 by Mr. Rubens Ricupero, Secretary-General of UNCTAD.

B. Election of officers

(Agenda item 1)

2. At its opening meeting, the Expert Meeting elected the following officers to serve on its Bureau:

Chairman: Mr. J.S. Haakma (Netherlands)

Vice-Chairman-cum-Rapporteur: Ms. C. Williams (Dominica)

C. Adoption of the agenda

3. At the same meeting, the Expert Meeting adopted the provisional agenda circulated in TD/B/COM.1/EM.2/1. Accordingly, the agenda for the Meeting was as follows:

1. Election of officers
2. Adoption of the agenda
3. Opportunities for vertical diversification in the food processing sector in developing countries
4. Adoption of the report

D. Documentation

4. For its consideration of the substantive agenda item (item 3) the Expert Meeting had before it a report by the UNCTAD secretariat entitled "Opportunities for vertical diversification in the food processing sector in developing countries" (TD/B/COM.1/EM.2/2).

1/ See Report of the Commission on Trade in Goods and Services, and Commodities on its first session (TD/B/44/5-TD/B/COM.1/6), annex I, para. 5(a).

B. Adoption of the report

5. At its closing meeting, on 3 September 1997, the Expert Meeting authorized the Rapporteur to prepare the final report of the Meeting, under the authority of the Chairman, to include the agreed recommendations adopted by the Expert Meeting (see section I) and the Chairman's summary of the experts' discussions (see section II).

ANNEX

ATTENDANCE */

1. Experts from the following States members of UNCTAD attended the meeting:

Albania
Argentina
Bangladesh
Belarus
Belgium
Benin
Bolivia
Botswana
Brazil
Cameroon
Chile
China
Colombia
Côte d'Ivoire
Cuba
Czech Republic
Dominica
Ecuador
Egypt
Ethiopia
Finland
Georgia
Germany
Ghana
Honduras
Hungary
India
Indonesia
Iran (Islamic Republic of)
Iraq
Italy
Jamaica
Japan
Kenya
Kyrgyzstan
Luxembourg
Madagascar
Malaysia
Mauritius
Mexico
Netherlands
Nicaragua
Nigeria
Norway
Pakistan
Paraguay
Peru
Philippines
Poland
Qatar
Romania
Russian Federation
South Africa
Spain
Sri Lanka
Sudan
Swaziland
Switzerland
Syrian Arab Republic
Thailand
Trinidad and Tobago
Turkey
United Kingdom of Great Britain and Northern Ireland
United Republic of Tanzania
Uruguay
Venezuela
Viet Nam
Yemen
Zambia
Zimbabwe

2. The International Trade Centre UNCTAD/WTO was represented at the Meeting.

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*/ For the list of participants, see TD/B/COM.1/EM.2/INF.1.

3. The following specialized and related organizations were represented at the Meeting:

Food and Agriculture Organization of the United Nations
United Nations Industrial Development Organization
World Bank

The World Trade Organization was also represented at the Meeting.

4. The following intergovernmental organizations were represented at the Meeting:

African, Caribbean and Pacific Group of States
Arab Labour Organization
Common Fund for Commodities
Organization of the Islamic Conference

5. The following non-governmental organizations were represented at the Meeting:

General Category

International Confederation of Free Trade Unions
World Federation of United Nations Associations

Panellists

Mr. John Giles, Divisional Director, Produce Studies Inc. (UK)

Mr. Don Mitchell, Senior Economist, World Bank

Mr. Herbert Oberhänsli, Assistant to Chairman, and Head, Economic and International Relations, Nestlé SA (Switzerland)

Mr. Steve Pattinson, Sales and Marketing Director, Rainbow Farms (Pty.) Ltd. (South Africa)

Mr. Ian Crawford, Professor of Marketing, Cranfield University (UK)

Mr. Khoo Khee Ming, Business Development Director, Sime Darby Plantations (Malaysia)

Mr. P.K. Awua, Managing Director, Ghana Cocoa Processing Co. (Ghana)

Mr. Neil Robson, Senior Advisor on Packaging, International Trade Centre UNCTAD/WTO

Mr. Graham Lute, Director, Communications, Nestlé SA (Switzerland)

Mr. Fernando Casij, Representative for Europe and Director of Office in Brussels, Association of Colombian Coffee Producers (Colombia)

Ms. Cornelia Williams, Officer-in-Charge, Eastern Caribbean States Export Development Agency (OECS/ECSEDA)

Mr. Lionel Colby, meat consultant (UK)

Mr. Marc Hochuli, Vice-President, Consumer Products Services, Société Générale de Surveillance (Switzerland)

Ms. Sirilak Suwanrangsi, Chief of Fish Inspection Center, Department of Fisheries (Thailand)

Mr. Amadou Tall, Director, INFOPECHE Africa

Mr. Andras Sebok, Deputy Director, Development and Quality Institute for Foreign Food Industry, Hungary

Mr. Christopher Carson, Counsellor, World Trade Organization

Ms. Majda Petschen, Economic Affairs Officer, World Trade Organization

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